MBAC FERTILIZER CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three Months Ended March 31, 2016 and 2015

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of MBAC Fertilizer Corp. ("MBAC" or the "Company") for the three months ended March 31, 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking information" that is subject to certain risk factors including those set out in the cautionary note and elsewhere in this MD&A and in the Company's current Annual Information Form. All figures are in thousands of United States dollars ("$" or "USD"), except price per tonne and earnings per share, or unless otherwise noted. References herein to C$ or CAD are to the Canadian dollar and R$ or BRL are to the Brazilian Real. This MD&A has been prepared as of June 2, 2016. A copy of this MD&A and additional information relating to the Company, including the Company's current Annual Information Form, are available online under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Throughout this MD&A, reference to "the quarter", "the three-month period" or "Q1 2016" shall refer to the period from January 1, 2016 to March 31, 2016. References to "the comparative quarter" or "Q1 2015" shall refer to the period from January 1, 2015 to March 31, 2015. References to "the prior year" shall refer to the period from January 1, 2015 to December 31, 2015.

HIGHLIGHTS AND OVERALL PERFORMANCE

THREE MONTHS ENDED MARCH 31, 2016 AND SUBSEQUENT EVENTS

Highlights

- Itafós Arraias SSP Operations continued in care and maintenance mode during Q1 2016 without any production;
- In April 2016, the Company entered into a Support Agreement with Zaff, LLC (an investment fund active in the fertilizer industry). The Support Agreement provides for working capital funding support and a plan to recapitalize the Company. Under the agreement, the Company has agreed to pursue completion of the recapitalization pursuant to a plan of compromise or arrangement under the Companies' Creditors Arrangement Act (Canada) and a parallel extrajudicial restructuring proceeding in Brazil under Brazil's bankruptcy law. The Brazil restructuring process was initiated subsequent to Q1 2016.
- Subsequent to the end of Q1 2016, the FINAME loan, Itau loan, Votorantim loan, Mizuho loan, Itau Mezzanine working capital loan, Votorantim working capital loan, and Santana BNDES loans were purchased by Zaff LLC. The IFC loan was purchased by Zaff LLC during Q4 2015. No financial terms were amended as part of these assignments.
- Zaff, LLC made senior secured loans of $0.6 million to the Company during Q1 2016 and $1.4 million subsequent to Q1 2016, carrying an interest rate of 15% per annum. The proceeds of these loans were used primarily to fund general/administrative expenses and preparatory expenses related to a possible restructuring.
- On April 14, 2016, the TSX announced that the Company's common shares and share purchase warrants would be delisted from the TSX effective May 13, 2016. This date was subsequently extended to June 10, 2016.

CORE BUSINESS

MBAC Fertilizer Corp. ("MBAC" or the "Company") is a Canadian –based company, focused on becoming a significant integrated producer of phosphate fertilizer and related products in the Brazilian market. The Company operated the Itafós Arraias Single Super Phosphate ("SSP") Operations which is wholly owned by the Company's subsidiary, Itafós Mineração Ltda. ("Itafós"). The production facility comprises a beneficiation plant, a sulphuric acid plant, an SSP acidulation plant and a granulation plant and is estimated to have production capacity of approximately 500,000 tonnes of SSP per annum (the "Itafós Arraias SSP Operations"). The Company also produced and sold excess sulphuric acid after the required amount is used in the SSP production process. The Company finished construction in 2013 and has since advanced on ramp-up of its Itafós Arraias SSP Operations. At the beginning of Q1 2015, the Company suspended production at its Itafós Arraias SSP Operations and placed the operations on care and maintenance, largely in response to market conditions and as a means to preserve working capital pending and during the strategic review process. The Company finished construction in 2013 and initiated production in 2014. In the beginning of 2015, to preserve working capital, the Company's Itafós Arraias SSP Operation was placed into care and maintenance.

MBAC also owns two additional projects, namely the Santana Phosphate Project and the Araxá Project (see "Project Updates" section).

OPERATIONS UPDATE

ITAFÓS ARRAIAS SSP OPERATIONS

The Itafós Arraias SSP Operations are located in the municipality of Arraias, in the state of Tocantins, Brazil, and its production is expected to meet the domestic demand in the new agricultural frontier in central northern Brazil. SSP is a type of phosphate fertilizer widely used in Brazil. The target market of the Company is known to be one of the areas with the largest agricultural growth in the country. According to SIACESP/ANDA (the Association of Fertilizer and Agriculture in the state of Sao Paulo, Brazil), the total SSP market size in Brazil is estimated to be approximately 5.0 million tonnes per year, of which approximately 1.2 million tonnes are estimated to be consumed in the Company's target market area. Once fully ramped up, the Itafós Arraias SSP Operations would be the largest fully integrated SSP producing facility in this market, being among one of the largest SSP producing facilities in Brazil. Based on the Updated Itafós Technical Report (as defined below), proven and probable reserves are currently estimated at 64.8 million tonnes at an average P_2O_5 grade of 5.08%. The mine has a life of approximately 29 years (increased from 19 years after a management evaluation of the mineral resources). The Company has significant unexplored property in its land package.

In 2013, the Company began production and delivery of granulated SSP, meeting industry specifications. Despite lower than expected levels of working capital and severe cash constraints during 2014, the Company was able to produce a daily production record of approximately 1,700 tonnes of SSP, exceeding the expected daily production volume that the Itafós Arraias SSP Operations was originally designed for. These financial constraints affected the Company's ability to purchase consumables and spare parts, causing interruptions and delays, leading to operational inefficiencies. In early 2015, the Company suspended production at its Itafós Arraias SSP Operations and placed the operations on care and maintenance. During 2015 and to-date, the Company has been involved in a strategic review process (see below). The Company expects to resume production, if and when its recapitalization transaction is successfully completed and its liquidity constraints are resolved.

Given the ongoing recapitalization transaction and that the Company has no certainty of when, or if, the contemplated restructuring will be successfully completed, MBAC's previously disclosed production and sales guidance for 2016 and 2017 are no longer valid and should not be relied upon.

In July 2015, the Company entered into exclusive discussions and negotiations with Zaff, LLC (an investment fund active in the fertilizer industry – "Zaff" or the "Offerer"), which discussions resulted in a non-binding offer involving a recapitalization of the Company, subject to a number of conditions, including debt settlement with MBAC's creditors and senior lenders, a board restructuring and settlement of the Company's current liabilities, which could include informal settlements with creditors and, if deemed necessary, a formal plan for restructuring. While the transaction contemplated by the non-binding offer was not completed, Zaff extended senior secured bridge loans which were used to fund general and administrative expenses and preparatory expenses related to a possible restructuring. The bridge loans carry an interest rate of 15% per annum and will mature on the earlier of 180 days from the execution or termination date as agreed or such later date as Zaff and MBAC mutually agree. Extensions to the bridge loans were subsequently agreed to between the Company and the Offeror.

Subsequent to Q1 2016, the Company entered into a support agreement with Zaff (the "Support Agreement"). The Support Agreement contemplates a recapitalization of the Company (the "Recapitalization"). Under the agreement, the Company has agreed to pursue the completion of the Recapitalization pursuant to a plan of compromise and arrangement under the Companies' Creditors Arrangement Act (Canada) and a parallel extrajudicial restructuring proceeding in Brazil under The Bankruptcy Law (11,101/2005), the "Brazilian Proceeding". Per the terms of the Support Agreement, Zaff has acquired substantially all of the outstanding secured and guaranteed debt of the Company and its Brazilian subsidiaries, as well as certain outstanding unsecured debts of the Company and of the Company's Brazilian subsidiaries that are not guaranteed by the Company. Under the Canadian restructuring unsecured creditors of the Company will receive either a percentage of their claim in cash or, in the alternative, a combination of (i) restructured debt of MBAC's primary operating subsidiary or (if elected by the applicable creditor) restructured debt of MBAC; and (ii) common shares of MBAC or (if elected by the applicable creditor) share purchase warrants of an MBAC subsidiary exercisable for common shares of MBAC. As a result of the Brazilian Proceeding, certain secured and unsecured creditors of the Brazilian subsidiaries of the Company will receive either cash or, in the alternative, a combination of (i) restructured debt of the respective MBAC Brazilian subsidiary; and (ii) share purchase warrants exercisable for preferred shares of the respective MBAC Brazilian subsidiary. The Brazilian legal proceeding has been initiated and is in progress. Upon completion of all transactions contemplated by the Support Agreement, the investment fund will receive securities representing a controlling interest in the common equity of reorganized MBAC in exchange for the acquired debt and the interim working capital financing that has been provided or will be provided to the Company. Subject to certain conditions, the investment company will fund the Company's funding requirements during the term of the Support Agreement, up to a maximum of $5 million. Additionally, MBAC will indirectly acquire all of the shares of GB Minerals Ltd. ("GBL") beneficially held by Zaff in return for common shares of MBAC at a ratio of 2.5 shares of MBAC for each share of GBL so acquired.

ITAFÓS TECHNICAL REPORT

The Company's technical report for the Itafós Arraias SSP Operations is titled "Updated Technical Report Itafós Arraias SSP Project" dated and effective as of March 27, 2013 prepared by Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), of NCL Brasil Ltda. ("NCL"), Beau Nicholls (BSc (Geol) MAIG), an associate consulting geologist with Andes Mining Ltd. ("AMSL"), Bradley Ackroyd (BSc (Geol) MAIG), the principal consulting geologist for AMSL, and Homero Delboni Jr. (registered member CIM & SME), owner of HDA Serviços S/S Ltda, each a "qualified person" within the meaning of National Instrument 43-101 (the "Updated Itafós Technical Report"). The Updated Itafós Technical Report was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and is filed under the Company's profile on SEDAR at www.sedar.com.

Proven and probable mineral reserves based on the production schedule used for the Updated Itafós Technical Report are as follows. Information below is based on assumptions, qualifications and procedures which are not fully described herein and reference should be made to the full text of the Updated Itafós Technical Report:

Category	Tonnage (million tonnes)	P_2O_5 %
Proven reserves	15.9	5.09
Probable reserves	48.9	5.07
	64.8	5.07

PROJECT UPDATES

SANTANA PHOSPHATE PROJECT

The Company, through two of its subsidiaries, is the beneficial holder of eight exploration properties, with one of these being a mining permit under application, and one additional exploration permit under application for a total of nine claims totalling 87,855 hectares, for a phosphate project in the southeastern region of Pará State close to the border of Mato Grosso State in Brazil (the "Santana Phosphate Project"). The Santana Phosphate Project is a high grade phosphate fertilizer project located in the heartland of one of the most promising agricultural areas in South America.

The Company's technical report for the Santana Phosphate Project is titled "Feasibility Study – Santana Phosphate Project Pará State, Brazil," dated and effective as of October 28, 2013, prepared by Bradley Ackroyd of AMSL, Carlos Guzmán of NCL and Robert Alexander of PegasusTSI, each a "qualified person" within the meaning of NI 43-101 (the "Santana Feasibility Study"). The Santana Feasibility Study was prepared in accordance with NI 43-101 and is filed under the Company's profile on SEDAR at www.sedar.com. Please refer to the Santana Feasibility Report for more details on the updated mineral resource estimate and mine plan, base case assumptions, project economics and proven and probable reserves regarding the project.

The Company's current focus remains entirely on the Itafós Arraias SSP Operations. MBAC also continues to review strategic alternatives and work with its financial advisor to identify suitable strategic partners for the potential sale of the Santana Phosphate Project. These strategic initiatives are expected to impact the timelines and the project economics described in the Santana Feasibility Study. Given the early stage of the Santana Phosphate Project and fluctuations in commodity prices, the realizable value of the project may differ significantly from the NPV calculated in the Santana Feasibility Study.

ARAXÁ PROJECT

The Company, through one of its subsidiaries, is the beneficial holder of four exploration claims, totalling 214 hectares, of a rare earth oxides ("REO")/niobium/phosphate project located in the southwestern part of Minas Gerais state, Brazil (the "Araxá Project").

During 2012, the Company announced the results of an initial preliminary economic assessment, based on the technical report titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Araxá Project", effective October 1, 2012 as amended and restated January 25, 2013 (the "Amended Araxá PEA"). The Amended Araxá PEA was prepared by Bradley Ackroyd and Andrew N. Clay of Venmyn Rand (Pty) Limited, each of whom is a "qualified person" within the meaning of NI 43-101. Certain of the following information is based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Amended Araxá PEA which is available for review under the Company's SEDAR profile at www.sedar.com. The Amended Araxá PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the Amended Araxá PEA will be realized.

Given the early stage of the Araxá Project and fluctuations in commodity prices, the realizable value of the project may differ significantly from the NPV calculated in the Amended Araxá PEA. MBAC has determined that although the Araxá Project has great potential, it is considered a non-core project given the Company's focus on agricultural inputs. MBAC also continues to review strategic alternatives and work with its financial advisor to identify suitable strategic partners for the potential sale of the Araxá Project. The foregoing factors will impact the timelines and the project economics described in the Amended Araxá PEA.

FINANCIAL INFORMATION

The following selected financial data is derived from the audited consolidated financial statements of MBAC for the quarters presented:

STATEMENT OF OPERATIONS

	Three months ended March 31, 2016	Three months ended March 31, 2015
Selling, general and administrative expenses	757	960
Operations care and maintenance expenses	5,258	7,469
Operating loss	(6,015)	(8,429)
Unrealized foreign exchange gain (loss)	10,246	(19,438)
Realized foreign exchange loss	–	6
Other income (expense)	2	(2,441)
Finance expense	(8,096)	(12,562)
Loss before income taxes	(3,863)	(42,864)
Current income tax expense	–	–
Deferred income tax expense	251	340
	251	340
Net income (loss)	$ (4,114)	$ (43,204)
Adjusted net loss[1]:		
Share-based payment (recovery) expense	(217)	84
Loss on disposition of long-term assets	–	170
Amortization of deferred transaction costs	53	793
Unrealized foreign exchange (gain) loss	(10,246)	19,438
Adjusted net loss[2]	$ (14,524)	$ (22,719)
Basic and diluted net loss per share	$ (0.02)	$ (0.24)
Adjusted basic and diluted net loss per share	$ (0.08)	$ (0.13)

FOR THE THREE MONTHS ENDED MARCH 31, 2016

Selling, general and administrative ("SG&A") expenses

SG&A expenses for Q1 2016 decreased by $203 compared with SG&A expenses for Q1 2015. This was primarily comprised of decrease in administrative expense and forfeited unvested stock options related to personnel that have left the company.

Operations care and maintenance expenses

The Operations care and maintenance expenses of $5,258 for the quarter ended March 31, 2016 (Q1 2015 – $7,458) was primarily comprised of depreciation expense and operational salaries and wages for the quarter.

1 A cautionary note regarding non-IFRS measures is included in the "Non-IFRS Measures" section of this MD&A, including a discussion and definition of Adjusted net loss and Adjusted net loss per share.

2 Adjustments to net loss did not have an income tax effect.

Unrealized foreign exchange gain (loss)

The unrealized foreign exchange gain of $10,246 for the quarter ended March 31, 2016 (quarter ended March 31, 2015 – loss of $19,438) was primarily comprised of foreign exchange revaluation of BRL denominated intercompany loans and foreign currency denominated debt.

Finance expense

Finance expense of $8,096 for the quarter ended March 31, 2016 (quarter ended March 31, 2015 – $12,562) was primarily comprised of interest expense and amortization of deferred transaction costs of $8,047 (Q1 2015 – $12,531).

Deferred income tax expense

The deferred income tax expense of $251 for the quarter ended March 31, 2016 (quarter ended March 31, 2015 – $340) was primarily due to unrealizable withholding tax credits related to intercompany loans.

FINANCIAL CONDITION

The following selected financial data is derived from the unaudited condensed interim consolidated financial statements for the periods presented.

BALANCE SHEET

	March 31, 2016	December 31, 2015
Current		
Cash and cash equivalents	$ 35	$ 25
Restricted cash	163	146
Accounts Receivable	12	3
Inventories	1,471	1,320
Other current assets	1,894	1,742
Non-current		
Other long-term assets	17,326	15,558
Property, plant and equipment	270,687	246,714
Mineral properties	48,376	42,921
Total Assets	$ 339,964	$ 308,429
Current		
Accounts payable and accrued liabilities	36,253	32,397
Current debt	262,231	232,995
Non-current		
Other long-term liabilities	7,479	5,561
Total Liabilities	305,963	270,953
Shareholders' Equity	34,001	37,476
Total Liabilities and Shareholders' Equity	$ 339,964	$ 308,429

Assets

Total assets were $339,964 as at March 31, 2016 (December 31, 2015 – $308,429). Total assets included restricted cash of $163 (December 31, 2015 – $146).

The movement in significant assets is described below:

Restricted Cash

The Company had restricted cash of $163 (December 31, 2015 – $146) comprising primarily of balances in debt service reserve accounts.

Other long-term assets

Other long-term assets are primarily comprised of tax credits. Tax credits consist of Brazilian state and federal taxes accumulated primarily on purchases of property, plant and equipment and can be applied to offset and potentially reimburse certain value added taxes and other taxes payable in future periods. As at March 31, 2016, the Company had tax credits of $17,321 (December 31, 2015 – $15,556), of which $362 (December 31, 2015 – $326) was included in "Other current assets". The quarter increase is mainly related to foreign exchange variation of the BRL/USD.

Property, plant and equipment

During the quarter, property, plant and equipment increased by $23,973 (quarter ended March 31, 2015 – $68,589), substantially all of which was related to a foreign exchange impact of $27,985, partially offset by depreciation of $4,012.

The suspension of the Itafós operations resulted in an impairment indicator under IAS 36. The outcome of the impairment assessment on the Itafós property did not change the outcome of the impairment performed as part of the December 31, 2015 annual financial statements, and there are no other changes in the key estimates and judgements to note in these unaudited condensed interim financial statements.

Mineral properties

In Q1 2016, mineral properties increased by $5,455 (Q1 2015 – decreased by $9,344), primarily related to foreign exchange impact of $4,974. The remaining increase of $481 was substantially comprised of capitalized fees and interest expenses related to debt related to the Santana Phosphate Project. For the three months ended March 31, 2016, the Company did not invest any amount as development expenditures at the Itafós Arraias SSP Operations and the Araxá Project.

Accumulated depreciation and depletion

Depreciation and depletion of property, plant and equipment and mineral properties for the quarter was $4,012 (quarter ended March 31, 2015 – $5,341). In Q1 2016, depreciation expense was recorded as "Operations care and maintenance expenses" in the consolidated statement of operations.

Liabilities

Total liabilities as at March 31, 2016 were comprised of current liabilities of $298,484 (December 31, 2015 – $265,392) and long-term liabilities of $7,479 (December 31, 2015 – $5,561). The movement in significant liabilities is described below:

Accounts payable and accrued liabilities

Total accounts payable and accrued liabilities were primarily comprised of trade payables and accruals of $22,424 (December 31, 2015 – $20,124), payroll and related tax liabilities of $7,953 (December 31, 2015 – $6,751), taxes payable of $2,403 (December 31, 2015 – $2,157), other provision for legal claims of $3,415 (December 31, 2015 – $3,310) and restructuring provision of $58 (December 31, 2015 – $55). Overall, accounts payable and accrued liabilities have increased during the quarter by $3,356 primarily due to foreign exchange impact of $3,644.

Debt

The overall increase of $29,236 in debt since December 31, 2015 was primarily comprised of foreign exchange impact of $19,908, new borrowings and interest accruals and fee amortizations. See "Liquidity and Capital Resources" section below for discussion on new borrowings during the quarter ended March 31, 2016.

As at March 31, 2016 and December 31, 2015, the Company was not in compliance with certain debt covenants associated with its Project Financing and Other Loans and therefore has presented all its debt as current as there are cross-default provisions in our senior debt agreements.

Shareholders' Equity

	March 31, 2016	December 31, 2015
Share capital	$ 279,839	$ 262,235
Contributed surplus	16,121	15,315
Warrant reserve	9,200	8,621
Cumulative translation adjustment reserve	(9,018)	9,332
Deficit	(262,141)	(258,027)
	$ 34,001	$ 37,476

The change in share capital and warrant reserve was due to foreign exchange impact. For commentary on movement in the cumulative translation adjustment reserve, see the "Foreign Exchange" section of this MD&A.

CASH FLOW INFORMATION

	March 31, 2015	March 31, 2014
Cash flows used in operating activities	$ (542)	$ (3,208)
Cash flows used in investing activities	–	(194)
Cash flows from financing activities	575	5,215
Foreign currency effect on cash	(23)	(52)
Increase in cash	$ 10	$ 1,761

Three months ended March 31, 2016

Operating activities

Cash flows used in operating activities amounted to $542 during Q1 2016 (Q1 2015 – $3,208). Changes in non-cash working capital items provided $1,558 of cash (Q1 2015 – $1,930) and cash of $2,100 (Q1 2015 – $5,138) was used to fund the operating loss.

Investing activities

During Q1 2016, investing activities used $Nil (Q1 2015 – $194) of cash.

Financing activities

During the quarter, the Company generated $575 (Q1 2015 – $5,215) from financing activities, comprised of proceeds from new borrowings.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at March 31, 2016 was $35 (December 31, 2015 – $25) and total restricted cash as at March 31, 2016 was $163 (December 31, 2015 – $146).

Primarily in response to market conditions and as a means to preserve working capital during the strategic review process described below, the Company's Itafós Arraias SSP Operation was put into care and maintenance mode in the beginning of 2015. During a major part of 2015, the Company conducted a strategic review process to help find a definitive solution to the Company's working capital constraints and liquidity requirements. Options that were considered in the course of the strategic review process included, but were not limited to, securing a strategic partner, the sale of the Company or its assets as well as other potential value maximizing transactions. In July 2015, the Company entered into a non-binding offer with Zaff, an investment fund active in the fertilizer industry. Concurrent with that non-binding offer, Zaff extended to the Company a senior secured bridge loan in 2015. The Company has drawn down on the bridge loan during Q1 2016 for working capital needs during the recapitalization transaction. The bridge loan has been the primary source of funding during Q1 2016 for the Company and it has limited other financial resources. Although MBAC believes that a long-term solution will be achieved in due course with the Support Agreement that was agreed to with

Zaff subsequent to quarter-end, the Company's ability to continue as a going concern is dependent on obtaining additional working capital funding in the immediate term. Given the significant working capital deficit and long term debt balances that are in default, the Company intends to undertake a restructuring and refinancing transaction, such as a recapitalization. Subsequent to quarter end, the Company agreed to enter into court approved restructuring processes in Canada and Brazil. The Brazilian proceeding was filed in April 2016 and is in progress to the date. If the Recapitalization is successful, there would be significant dilution to the holdings of existing shareholders. These conditions indicate material uncertainty that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. The Company's primary sources of funding to this point have been the issuance of equity securities, debt and the sale of assets. MBAC has limited other financial resources. See the "Cautionary Note Regarding Forward-Looking Information" below.

Alpha LLC (Zaff LLC) Working Capital Loan

During Q1 2016, the Company obtained additional working capital loans from Zaff, LLC of $575 bearing an interest rate of 15% per annum. Subsequent to Q1 2016, under the Support Agreement, Zaff extended additional loans totaling $1,421 under the same terms as the previous Zaff loans.

SUMMARY OF QUARTERLY RESULTS

	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net loss	$ (4,114)	$ (15,431)	$ (46,218)	$ (12,764)
Basic and diluted earnings (loss) per share	$ (0.02)	$ (0.09)	$ (0.25)	$ (0.07)
Adjusted basic and diluted loss per share	$ (0.08)	$ (0.52)	$ (0.10)	$ (0.05)
Total assets	$ 339,964	$ 308,429	$ 314,429	$ 401,105

	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Net income (loss)	$ (43,204)	$ (8,808)	$ (18,744)	$ (7,017)
Basic and diluted loss per share	$ (0.24)	$ (0.05)	$ (0.10)	$ (0.04)
Adjusted basic and diluted loss per share	$ (0.13)	$ (0.02)	$ (0.01)	$ (0.05)
Total assets	$ 398,370	$ 483,708	$ 512,417	$ 553,279

NON-IFRS MEASURES

The Company has included certain non-IFRS measures including "Adjusted net loss" and "Adjusted net loss per share" to supplement its financial statements, which are presented in accordance with IFRS. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The presentation of adjusted non-IFRS measures are not meant to be a substitute for net income (loss) or net income (loss) per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Adjusted net loss and Adjusted net loss per share are calculated as net income (loss) excluding (a) share-based payment expense, (b) gains and losses on the disposition of long-term assets, (c) amortization of deferred transaction costs, and (d) unrealized foreign exchange gains and losses. Management believes that the presentation of Adjusted net loss and Adjusted net loss per share provide useful information to investors because they exclude certain non-cash and other non-recurring items and are a better indication of the Company's results from operations. The items excluded from the computation of Adjusted net loss and Adjusted net loss per share, which are otherwise included in the determination of net income (loss) and net income (loss) per share prepared in accordance with IFRS, are items that the Company does not consider to be meaningful in evaluating the Company's past financial performance or the future prospects and may hinder a comparison of its period-to-period results.

CAPITALIZATION

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. There are no preference shares issued or outstanding.

Share capital as at March 31, 2016 was $279,839 (December 31, 2015 – $262,235). As at March 31, 2016, MBAC had 181,607,492 common shares (December 31, 2015 – 181,607,492) issued and outstanding. The following common shares and stock options of the Company were outstanding as at June 2, 2016:

	Expiry date	Exercise price	Securities outstanding	Common shares on exercise
Common shares	–	–	181,607,492	–
Stock options	Feb 14, 2017 to Feb 21, 2019	C$0.98 to C$2.99	2,446,000	2,446,000
Warrants	April 15, 2019 to April 17, 2019	C$1.00 to C$2.20	35,659,180	35,659,180

OUTLOOK AND STRATEGY

The Company's vision is to be a significant integrated producer of phosphate fertilizer and related products in the Brazilian market. The fundamentals of the Brazilian agribusiness sector continue to be positive.

The Company's primary focus remains at the Itafós Arraias SSP Operations. Continuity of this vision and implementation is now dependant on the outcome and the associated timing of the transactions described in the recently announced support agreement with Zaff, LLC. During Q1 2015, the Company suspended production at its Itafós Arraias SSP Operations and has had no production since the suspension. Depending on the outcome of the strategic review process and funding working capital requirements, the Company intends to resume operations at the Itafós Arraias SSP Operations.

The Company's action plan nevertheless remains as specified below, subject to the successful completion of the Recapitalization:

- Timing and implementation of the reorganization process in Canada and Brazil;
- Putting the balance sheet on solid footing by ensuring a healthy working capital position, allowing the Company to achieve its operational goals;
- Optimizing the ramp-up by strengthening our team by bringing in experienced people with significant knowledge and background in operations and maintenance;
- Operational excellence by setting up a discipline to capture value throughout the whole organization in a structured and focused manner;
- Position MBAC as a "Supplier of Choice" in its target region by leveraging competitive advantages with logistics, client proximity and the quality of our product; and
- Future growth strategy will be undertaken by pursuing its attractive greenfield and brownfield project pipeline once we are comfortable that the Itafós Arraias SSP Operations are running at or above expectations.

In October 2013, MBAC completed the Santana Feasibility Study. The Company continues to be very positive about the prospects for this project and believes that the Santana Phosphate Project together with the Itafós Arraias SSP Operations have the potential to make MBAC the largest SSP producer in Northern Brazil and the second largest SSP producer in Brazil. MBAC continues to review strategic options and expects to pursue further advancement of the Santana Phosphate Project with partnerships or at a time if and when the Itafós Arraias SSP Operations' cash flow becomes positive and steady. The Santana Phosphate Project is strategically located near extensive farmland in the northern Mato Grosso State, one of the fastest growing agricultural frontiers in Brazil with extensive grain and soy growing operations. In addition, the Santana Phosphate Project is also located in Pará State, a key geographical area for animal feed supplement business, which may provide the opportunity for MBAC to produce DCP (an animal nutrient product) in the future. MBAC continues to review its strategic to identify suitable strategic partners for the potential sale of the Santana Phosphate Project (see "Santana Phosphate Project" section of this MD&A).

CONTRACTUAL OBLIGATIONS

The table below provides a breakdown of the Company's contractual obligations as at March 31, 2016:

	Total	Less than 1 year	1 -3 years	4 -5 years	Thereafter
Accounts payable and accrued liabilities	$ 36,253	$ 36,253	$ –	$ –	$ –
Debt repayments and interest	262,231	262,231	–	–	–
Provision for environmental restoration	626	–	–	–	626
	$ 299,110	$ 298,484	$ –	$ –	$ 626

PHOSPHATE FERTILIZER MARKETS

Please refer to the Company's MD&A for the year ended December 31, 2015 for a commentary on the phosphate fertilizer markets, as they relate to MBAC's target market region.

FOREIGN EXCHANGE

MBAC's Brazilian operations are denominated in BRL, the functional currency of the Brazilian entities. The functional currency of all other entities is CAD. The presentation currency of the Company is USD. Accordingly, fluctuations in the exchange rates (BRL/USD and CAD/USD) may significantly impact the consolidated results of operations and the consolidated reported net assets. The effect of changes in currency fluctuations from the functional currency to the presentation currency on the operations' net assets is recorded in the Company's shareholders' equity as a cumulative translation adjustment.

The following is a summary of the changes in foreign exchange rates during the respective periods and the related impact on the financial statements:

	Three months ended	
	March 31, 2016	March 31, 2015
BRL strengthening (weakening) against USD	11.6 %	(19.6)%
CAD strengthening (weakening) against USD	6.7 %	(9.2)%
Unrealized and realized foreign exchange gain (loss)	$ 10,246	$ (19,432)
Cumulative translation (loss) gain	$ 856	$ 8,116

The total foreign exchange gain of $10,246 for the quarter ended March 31, 2016 was primarily comprised of unrealized foreign exchange losses on the Company's BRL denominated intercompany loans of R$156.2 million and foreign currency denominated external debt.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2016, MBAC did not have any off-balance sheet arrangements.

INCOME TAXES

MBAC's combined Canadian federal and provincial statutory tax rate was 26.5%. There are a number of factors that affect MBAC's effective tax rate, including the rate differential and proportion of income earned in each jurisdiction, tax benefits that were not recognized, foreign currency gains and losses and changes in tax rates. As a result, MBAC's effective tax rate may fluctuate from period to period.

The interpretation of tax regulations and legislation and their application to the Company's business is complex and subject to change. Accordingly, the Company's ability to realize future income tax assets could significantly affect net income or cash flow in future periods.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in the Company's audited consolidated financial statements for the year ended December 31, 2015 and notes thereto, as well as in the Company's MD&A for the year ended December 31, 2015. For Q1 2016 there were no changes to the critical accounting policies, estimates and judgements from those found in the Company's MD&A for the year ended December 31, 2015.

CONTINGENCIES

Due to the size, complexity and nature of MBAC's operations, various legal and tax matters arise in the ordinary course of business. MBAC accrues for such items when a liability is both probable and the amount can be reasonably estimated. Based on the Company's knowledge and assessment of events, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse effect. The Company continues to monitor its legal contingencies for proper and accurate reporting.

RISKS AND UNCERTAINTIES

There were no changes to the Company's exposure to risks and other uncertainties as described in the "Management's Discussion and Analysis" for the year ended December 31, 2015.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of disclosure controls and procedures includes, among other things, the Company's Code of Business Conduct and Ethics policies, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management.

Both the President and Chief Executive Officer ("CEO") and the Interim Chief Financial Officer ("CFO") have evaluated the design of the Company's disclosure controls and procedures as at March 31, 2016, pursuant to the requirements of National Instrument 52-109. There has been no change in the Company's disclosure controls and procedures during the period from January 1, 2016 to March 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in the rules of the Canadian Securities Administrators. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada for external purposes.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the President and CEO and the Interim CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

QUALIFIED PERSON

Unless otherwise indicated, the responsible qualified person, within the meaning of NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein may constitute forward-looking information, including any information as to the Company's strategy, vision, plans or future financial or operating performance. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "estimates", "intends", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

In particular, forward-looking information included in this MD&A includes, without limitation, statements with respect to:

- the Company's vision and goal to become a significant integrated producer of phosphate fertilizer and related products in the Brazilian market;
- the Company's ability to continue as a going concern and complete the Recapitalization;
- the Company's current estimate of mine life stipulated in the Updated Itafós Technical Report and its potential increase;
- the Company's expectations related to resources and reserves stipulated in the Updated Itafós Technical Report;
- the Company's ability to resume exploration and evaluation efforts towards increasing the mine life at the Itafós Arraias SSP Operations and respective expansion strategy;
- the Company's expectations to successfully conclude the transactions described in its Support Agreement and related transactions;
- the Company's expectations for future financing sources and use of funds;
- the Company's ability to carry out its devised action plan;
- the Company's expectation to resume operations at the Itafós Arraias SSP Operations after the re-evaluation of its working capital position;
- the Company's expectations around the growth of Brazilian and global fertilizer markets in the foreseeable future and increase in fertilizer and phosphate prices;
- the Company's expectations that the Santana Phosphate Project, together with the Itafós Arraias SSP Operations, have the potential to make MBAC the largest SSP producer in Northern Brazil and the second largest SSP producer in Brazil;
- the Company's expectation that consumption of SSP in the Company's target area for Itafós Arraias SSP Operations will be sufficient to absorb competitively the entirety of the Company's output and the Company's expectations of higher average selling price;
- the Company's expectations around the project design, economics, resource and reserve potential, technical feasibility, development timelines, the underlying assumptions as well as forecasted market conditions stipulated in the Santana Feasibility Study and the Amended Araxá PEA, as well as in relation to the advancement of those projects;
- the Company's ability to potentially produce DCP at the Santana Phosphate Project in the future;

- the Company's expectation of the sufficiency of capital resources to fund all projected capital expenditures for the Santana Phosphate Project;
- the Company's expectations in relation to the strategic initiatives in regards to the Santana Phosphate Project and the Araxá Project;
- the Company's expectations that the timelines contemplated and the project economics in the Amended Araxá PEA and the Santana Feasibility Study may be impacted by the decision to retain a financial advisor to review the sale of an interest in the Araxá Project and the Santana Phosphate Project; and
- the Company's projections of future levels of taxable income.

Conclusions, forecasts and projections are based on the following factors and assumptions, among others:

- fertilizer market strength and SSP prices;
- future agricultural imports and exports and fertilizer market in Brazil;
- general economic and industry growth rates;
- currency exchange rates;
- cash flows from the Itafós Arraias SSP Operations will support borrowing under the project financing facilities and working capital loans;
- the sufficiency of capital resources to fund all projected capital expenditures for the Santana Phosphate Project;
- sufficient mineral resources being confirmed at the Itafós Arraias SSP Operations to justify potential expansion in the future; and
- expert conclusions, assumptions and estimates contained in the Company's current technical reports filed on SEDAR, in the Santana Feasibility Study and in applicable industry reports relied upon.

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which are considered to be reasonable as at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include:

- exploration, development and operating risks;
- environmental risks and hazards;
- risks in connection with current global financial conditions;
- uncertainty with respect to the estimation of mineral reserves and mineral resources;
- uncertainty with respect to inferred mineral resources;
- fluctuations in commodity prices;
- infrastructure risks;
- the Company's ability to obtain all necessary permits;
- insurance and uninsured risks;
- risks relating to potential disputes to the Company's title to its properties;
- the possibility that the Company's concessions may be terminated in certain circumstances;
- competition with other companies possessing greater financial and technical resources than MBAC;
- risks relating to additional capital requirements;
- currency fluctuations;
- potential write-downs and impairments;
- litigation risks;
- risks relating to future acquisitions and the integration of these acquisitions into the Company's business structure;
- risks relating to a potential sale or disposition of certain assets by the Company;
- risks relating to governmental regulation of the mining industry;
- risks relating to the Company's foreign operations;
- risks relating to labour, employment and other workforce matters;
- risks relating to the transfer of cash and assets to and from MBAC's foreign subsidiaries;
- the Company's dependence upon key management personnel and executives;
- possible conflicts of interests of the Company's directors and executive officers;
- possible damage to the Company's reputation;
- risks relating to potential malicious acts of destruction to the Company's property;
- risks relating to weather and climate change;
- volatility with respect to the Company's stock price;
- uncertainty with respect to current or pending litigation;

- uncertainty with respect to the commercial viability of phosphate ore deposits;
- uncertainty with respect to mine development and completion;
- uncertainty with respect to the accuracy of estimates and findings for the Itafós Arraias SSP Operations, the Araxá Project and the Santana Phosphate Project;
- operating risks, political risks and credit risks;
- risks relating to the Company's equipment and supplies;
- risks relating to the successful implementation of the Recapitalization; and
- uncertainty with respect to the Company's ability to obtain sufficient financing in order to continue as a going concern and continue its proposed business plan.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and the Company's plans and objectives and may not be appropriate for other purposes.